

AMENDED IN ASSEMBLY APRIL 21, 2005

AMENDED IN ASSEMBLY APRIL 7, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

ASSEMBLY BILL

No. 1388

Introduced by Assembly Member Ridley-Thomas

February 22, 2005

An act to add Section 16320.5 to the Government Code, and to amend Section 280 of, and to add and repeal Section 280.1 of, the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1388, as amended, Ridley-Thomas. Telecommunications: California Teleconnect Fund Administrative Committee Fund: Advanced Telecommunications Education and Health Account.

Existing law establishes the California Teleconnect Fund Administrative Committee to advise the Public Utilities Commission regarding the commission's responsibilities for the development, implementation, and administration of a program to advance universal telephone service by providing discounted rates to qualifying schools, libraries, hospitals, health clinics, and community organizations. Existing law establishes the California Teleconnect Fund Administrative Committee Fund in the State Treasury, and provides that moneys in the fund, collected by telephone corporations in utility rates authorized by the commission and deposited into the fund, may only be expended for the purposes authorized, upon appropriation in the annual Budget Act. The annual Budget Act for 2003 provided for a loan of \$150,000,000 to the General Fund from the California Teleconnect Fund Administrative Committee Fund. Existing law provides for the repayment of that loan.

This bill establishes the Advanced Telecommunications Education and Health Account within the California Teleconnect Fund Administrative Committee Fund, and would provide that the moneys loaned by the fund to the General Fund in the annual Budget Act of 2003, be repaid to the account. The commission would be required to establish, until January 1, 2023, a Community Based Supplemental Education Demonstration Grant Program and a Telemedicine Demonstration Grant Program, meeting certain requirements, with all funding for the programs coming from the moneys deposited into the account. Awards under the grant programs would be for the use of advanced telecommunications networks to deliver supplemental education services to pupils and telemedicine services.

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime.

Because the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 16320.5 is added to the Government
2 Code, to read:
3 16320.5. (a) Notwithstanding Section 16320, the Director of
4 Finance shall, commencing with the 2006–07 fiscal year and
5 each fiscal year thereafter, transfer moneys from the General
6 Fund to the Advanced Telecommunications Education and
7 Health Account within the California Teleconnect Fund
8 Administrative Committee Fund, to reimburse the fund, over a
9 15-year period, for the amount loaned to the General Fund by the
10 fund pursuant to Item 8660-011-0493 of Section 2.00 of Chapter
11 157 of the Statutes of 2003. The amount transferred shall include
12 at least ten million dollars (\$10,000,000) for the repayment of
13 principal on the loan, and interest on the loan.
14 (b) This subdivision shall remain in effect only until the earlier
15 of January 1, 2023, or until the Director of Finance determines
16 that the principal and interest on the amount loaned to the

1 General Fund pursuant to Item 8660-011-0493 of Section 2.00 of
2 Chapter 157 of the Statutes of 2003 has been repaid.

3 SEC. 2 Section 280 of the Public Utilities Code is amended to
4 read:

5 280. (a) The commission shall develop, implement, and
6 administer a program to advance universal service by providing
7 discounted rates to qualifying schools, libraries, hospitals, health
8 clinics, and community organizations, consistent with Chapter
9 278 of the Statutes of 1994.

10 (b) There is hereby created the California Teleconnect Fund
11 Administrative Committee, which is an advisory board to advise
12 the commission regarding the development, implementation, and
13 administration of a program to advance universal service by
14 providing discounted rates to qualifying schools, libraries,
15 hospitals, health clinics, and community organizations, consistent
16 with Chapter 278 of the Statutes of 1994, and to carry out the
17 program pursuant to the commission's direction, control, and
18 approval.

19 (c) All revenues collected by telephone corporations in rates
20 authorized by the commission to fund the program specified in
21 subdivision (a) shall be submitted to the commission pursuant to
22 a schedule established by the commission. Commencing on
23 October 1, 2001, and continuing thereafter, the commission shall
24 transfer the moneys received, and all unexpended revenues
25 collected prior to October 1, 2001, to the Controller for deposit in
26 the California Teleconnect Fund Administrative Committee
27 Fund. All interest earned by moneys in the fund shall be
28 deposited in the fund.

29 (d) Moneys appropriated from the California Teleconnect
30 Fund Administrative Committee Fund to the commission shall be
31 utilized exclusively by the commission for the program specified
32 in subdivision (a), including all costs of the board and the
33 commission associated with the administration and oversight of
34 the program and the fund.

35 (e) Moneys loaned from the California Teleconnect Fund
36 Administrative Committee Fund to the General Fund in the
37 Budget Act of 2003, pursuant to Item 8660-011-0493 of Section
38 2.00 of Chapter 157 of the Statutes of 2003, are subject to
39 Section 16320.5 of the Government Code, and upon repayment
40 are to be deposited into the Advanced Telecommunications

1 Education and Health Account, to be expended by the
2 commission pursuant to Section 280.1.

3 (f) Subdivision (e) shall become inoperative upon full
4 repayment or discharge of all moneys loaned from the California
5 Teleconnect Fund Administrative Committee Fund in the Budget
6 Act of 2003, pursuant to Item 8660-011-0493 of Section 2.00 of
7 Chapter 157 of the Statutes of 2003.

8 SEC. 3 Section 280.1 is added to the Public Utilities Code, to
9 read:

10 280.1. (a) The Advanced Telecommunications Education and
11 Health Account is hereby established in the California
12 Teleconnect Fund Administrative Committee Fund. Moneys
13 repaid to the California Teleconnect Fund Administrative
14 Committee Fund pursuant to Section 16320.5 of the Government
15 Code, shall be deposited into the account and upon appropriation
16 by the Legislature, the moneys shall be expended for the purpose
17 of providing advanced telecommunication network services to
18 community technology programs that deliver supplemental
19 education services to pupils in grades 6 to 12, inclusive, and to
20 health care facilities that offer telemedicine services.

21 (b) For purposes of this section, the following terms have the
22 following meanings:

23 (1) "Administering entity" means the entity selected pursuant
24 to subdivision (c).

25 (2) "Community technology program" means a program that is
26 engaged in diffusing telecommunications technology in local
27 communities and training local communities in the use of
28 telecommunications technology, that otherwise would have no
29 access, or only limited access, to the Internet and other advanced
30 telecommunications technologies.

31 (3) "Health care facility" means a facility that provides health
32 care services directly to patients, including, but not limited to, a
33 hospital, a clinic, including a licensed primary care clinic as
34 defined in paragraph (1) of subdivision (a) of Section 1204 of the
35 Health and Safety Code, a tribal health clinic exempt from state
36 licensing pursuant to subdivision (c) of Section 1206 of the
37 Health and Safety Code, and a nonprofit rural health clinic, as
38 defined in federal Public Law 95-210, ~~a licensed health~~
39 ~~practitioner's office, a health maintenance organization, a~~
40 diagnostic or treatment center, a neuropsychiatric or mental

1 health facility, a hospice, or a nursing home, and meets all of the
2 following criteria:

3 (A) It has tax-exempt status pursuant to paragraph (3) of
4 subsection (c) of Section 501 of the Internal Revenue Code.

5 (B) *It meets the definition of a nonprofit small or rural*
6 *hospital as defined by the Office of Statewide Health Planning*
7 *and Development.*

8 (C) It is located in a geographic area that is either deemed
9 under federal law, or designated by the Office of Statewide
10 Health Planning and Development, as a medically underserved
11 area, a health professional shortage area, or as serving, in whole
12 or in part, a medically underserved population.

13 (4) “Online learning resources” means community
14 telecommunications technology programs involved in activities
15 that include one or more of the following:

16 (A) Providing pupils with access to online courses in subject
17 areas required for graduation from middle school or high school.

18 (B) Providing pupils with access to online tutoring or to
19 support pupils’ work in subject areas required for graduation
20 from middle school or high school.

21 (C) Providing pupils with a tutor that provides assistance with
22 accessing online information and digital resources for use as part
23 of homework assignments.

24 (D) Providing pupils with a tutor who will provide remedial
25 instruction using online resources.

26 (E) Preparing pupils for employment using online courses or
27 materials, or by enabling online collaboration with industry
28 professionals.

29 (F) Online coaching provided by high school or college
30 counselors or financial aid experts.

31 (5) “Telemedicine” means the practice of health care delivery,
32 diagnosis, consultation, treatment, transfer of medical data, and
33 education using interactive audio, video, or data
34 communications, consistent with Section 2290.5 of the Business
35 and Professions Code.

36 (c) The commission, in consultation with the California
37 Teleconnect Fund Administrative Committee, shall appoint a
38 third-party administrator, or more than one administrator, to
39 administer the grant programs funded by the Advanced
40 Telecommunications Education and Health Account. Any

1 third-party administrator appointed by the commission shall
2 demonstrate all of the following:

3 (1) Experience working with low-income or underserved
4 communities.

5 (2) Knowledge about, and experience in, community
6 technology programs.

7 (3) The ability to implement a process for applying for and
8 awarding grants that results in grants being awarded based upon
9 merit.

10 (4) Experience and responsibility in managing and
11 administering public trust or charitable funds.

12 (d) (1) Not more than the lesser of 5 percent of the moneys in
13 the account or five hundred thousand dollars (\$500,000) per
14 fiscal year, may be expended for the state's administration,
15 including the costs of the commission and the administering
16 entity.

17 (2) Upon the transfer of General Fund moneys to the account
18 pursuant to Section 16320.5 of the Government Code, after
19 setting aside in the account moneys for the state's administration
20 consistent with paragraph (1), 60 percent of the moneys in the
21 account shall be expended for the Community Based
22 Supplemental Education Demonstration Grant Program pursuant
23 to subdivision (e), and 40 percent of the moneys in the account
24 shall be expended for the Telemedicine Demonstration Grant
25 Program pursuant to subdivision (f).

26 (3) Upon notification by the administering entity, the
27 Controller shall pay all grant awards, for the purposes
28 enumerated in this section from the moneys in the account. The
29 eligibility of each award shall be determined solely by the
30 administering entity, consistent with any procedures or rules
31 adopted by the commission in consultation with the California
32 Teleconnect Fund Administrative Committee. Based on the
33 eligibility of each award, the administering entity shall also
34 establish the need for a multiyear commitment to any particular
35 award and so advise the Department of Finance. Eligible awards
36 submitted by the administering entity to the Controller shall be
37 accompanied by information specifying the program from which
38 payment should be made and the amount of each payment, a
39 summary description of how payment of the award furthers the
40 purposes enumerated in this section, and an accounting of future

1 costs associated with any award or group of awards known to the
2 administering entity to represent a portion of a multiyear funding
3 commitment.

4 (e) (1) Upon the transfer of moneys from the General Fund to
5 the account pursuant to 16320.5 of the Government Code, the
6 commission shall establish the Community Based Supplemental
7 Education Demonstration Grant Program to demonstrate the
8 benefits of community technology programs that use the
9 advanced telecommunications networks of California's
10 educational entities to deliver supplemental educational services
11 to pupils.

12 (2) Consistent with any procedures or rules established by the
13 commission, in consultation with the California Teleconnect
14 Fund Administrative Committee, the administering entity
15 selected by the commission pursuant to subdivision (c), shall
16 provide community technology programs with grants pursuant to
17 the Community Based Supplemental Education Demonstration
18 Grant Program. Grants shall be awarded on the basis of
19 competitive merit, for a three-year period, subject to criteria to be
20 established by the commission, in consultation with the
21 California Teleconnect Fund Administrative Committee, by July
22 1, 2006. The criteria shall ensure that funds are widely disbursed,
23 and available to both urban and rural areas. Grants shall be
24 awarded to qualifying community-based nonprofit organizations
25 that are exempt from taxation under Section 501(c)(3) of the
26 Internal Revenue Code for the purpose of funding projects that
27 demonstrate the capacity for community technology programs to
28 increase the academic achievement of pupils in grades 6 to 12,
29 inclusive, through the use of online learning resources. Grants
30 may be renewed on an ongoing basis, every three years, provided
31 that the community technology program can demonstrate that the
32 program has contributed to the academic achievement of pupils
33 served.

34 (3) Beginning July 1, 2006, a community technology program
35 may apply for and receive grants pursuant to the Community
36 Based Supplemental Education Demonstration Grant Program, to
37 pay costs associated with all of the following:

38 (A) All of the one-time costs for installing circuits that
39 transmit data at or above 1.54 megabytes-per-second between the
40 community technology program's site and a county office of

1 education, a campus of the California Community Colleges, a
2 campus of the California State University, or a campus of the
3 University of California.

4 (B) Up to an additional 30 percent of the amount that the
5 community technology program is otherwise eligible to receive
6 pursuant to Section 280.

7 (C) Up to 50 percent of the estimated amount that a campus of
8 the California Community Colleges, a campus of the California
9 State University, or ~~a the~~ campus of the University of California
10 would otherwise be eligible to receive if the campus were
11 eligible to receive discounts pursuant to Section 280 *and had a*
12 *155 megabit per second connection from the campus to the*
13 *backbone network used by the higher education segments*, not
14 including any costs related *solely* to telephone service.

15 (4) Recipients of grants under the Community Based
16 Supplemental Education Demonstration Grant Program shall be
17 required, as a condition for the receipt of moneys under the
18 program, to annually report to the commission by January 1 of
19 each year, that information required by the commission to
20 evaluate the effectiveness of the program.

21 (5) The commission shall report to the Governor and the
22 Legislature by April 1 of each year, on the results of the
23 Community Based Supplemental Education Demonstration Grant
24 Program, including the effect of the program on broadband
25 subscription.

26 (6) The procedures and rules for awarding grants shall ensure
27 that the grants awarded do not exceed annual moneys available to
28 support the program and that no one applicant receive more than
29 25 percent of the designated program funds in a single fiscal
30 year.

31 (7) Any costs associated with the Community Based
32 Supplemental Education Demonstration Grant Program shall
33 only be paid from the Advanced Telecommunications Education
34 and Health Account.

35 (f) (1) Upon the transfer of moneys from the General Fund to
36 the account pursuant to 16320.5 of the Government Code, the
37 commission shall establish the Telemedicine Demonstration
38 Grant Program to demonstrate the benefits of health care
39 facilities that use advanced telecommunications networks of

1 California educational entities or other public networks to deliver
2 telemedicine services.

3 (2) Consistent with any procedures or rules established by the
4 commission, in consultation with the California Teleconnect
5 Fund Administrative Committee, an administering entity selected
6 by the commission pursuant to subdivision (c), shall provide
7 health care facilities with telemedicine grants pursuant to the
8 Telemedicine Demonstration Grant Program. Grants shall be
9 awarded on the basis of competitive merit, for a three-year
10 period, subject to criteria to be established by the commission, in
11 consultation with the California Teleconnect Fund
12 Administrative Committee, by July 1, 2006. The criteria shall
13 ensure that funds are widely disbursed, and available to both
14 urban and rural areas. Grants shall be awarded to a qualifying
15 health care facility approved for discounts pursuant to Section
16 280. Grants may be renewed on an ongoing basis every three
17 years, provided that the health care facility can demonstrate
18 effective utilization of telemedicine resources by the local
19 community.

20 (3) Beginning July 1, 2006, a qualifying health care facility
21 ~~approved for discounts pursuant to Section 280,~~ may apply for
22 and receive grants pursuant to the Telemedicine Demonstration
23 Grant Program, to pay costs associated with all of the following:

24 (A) All of the one-time costs for installing circuits that
25 transmit data at or above 1.54 megabytes-per-second between the
26 health care facility and ~~_____ a county office of education, a~~
27 ~~campus of the California State University, or a campus of the~~
28 ~~University of California.~~

29 (B) Up to an additional 30 percent of the amount that the
30 health care facility is otherwise eligible to receive pursuant to
31 Section 280.

32 ~~(C) Up to 50 percent of the estimated amount that a health care~~
33 ~~facility would otherwise be eligible to receive if the health care~~
34 ~~facility were eligible to receive discounts pursuant to Section~~
35 ~~280, not including any costs related to telephone service.~~

36 *(C) Up to 50 percent of the estimated amount that a campus of*
37 *the California Community Colleges, a campus of the California*
38 *State University, or a campus of the University of California*
39 *would otherwise be eligible to receive if the campus were eligible*
40 *to receive discounts pursuant to Section 280 and had a 155*

1 *megabit per second connection from the campus to the backbone*
2 *network used by the higher education segments, not including*
3 *any costs related solely to telephone service.*

4 (4) Recipients of grants under the Telemedicine
5 Demonstration Grant Program shall be required, as a condition
6 for receipt of moneys under the program, to annually report to
7 the commission by January 1 of each year, that information
8 required by the commission to evaluate the effectiveness of the
9 program.

10 (5) The commission shall report to the Governor and the
11 Legislature by April 1 of each year, on the results of the
12 Telemedicine Demonstration Grant Program.

13 (6) The procedures and rules for awarding grants shall ensure
14 that the grants awarded do not exceed annual moneys available to
15 support the program and that no one applicant receives more than
16 25 percent of the designated program funds in a single fiscal
17 year.

18 (7) Any costs associated with the Telemedicine Demonstration
19 Grant Program shall only be paid from the Advanced
20 Telecommunications Education and Health Account.

21 (g) This section shall remain in effect only until January 1,
22 2023, and as of that date is repealed, unless a later enacted
23 statute, that is enacted before January 1, ~~2003~~ 2023, deletes or
24 extends that date.